



U.S. Department of Justice

Carlie Christensen

**United States Attorney
District of Utah**

**FOR IMMEDIATE RELEASE
July 30, 2010**

**CONTACT: MELODIE RYDALCH
801-325-3206
801-243-6475 (CELL)**

NEWS RELEASE
***UTAH RESIDENT GETS 41 MONTHS
IN FEDERAL PRISON FOR FOREIGN CURRENCY
EXCHANGE INVESTMENT SCHEME

LOSES AROUND \$1,702,770 FOR 36 INVESTORS***

SALT LAKE CITY – Darren Lee Shanks, age 43 of Santaquin, will serve 41 months in federal prison after pleading guilty to wire fraud in connection with a scheme to defraud investors through the misrepresentation of returns that he was earning through foreign currency exchanges.

U.S. District Judge Clark Waddoups issued the sentence Thursday in federal court in Salt Lake City. Shanks, who waived indictment, was charged in a Felony Information filed in April and pled guilty to the charge in May. The case was investigated by the FBI.

Prior to October 2007, Shanks began making foreign currency exchange transactions through trades of futures contracts. During one month, he earned a return of about 16 percent and began to tell others of his success. Associates and friends began to give Shanks money to invest on their behalf. Shanks admitted in a plea agreement with federal prosecutors that as he began to invest money for others, he began losing money almost

immediately, including during the first month of the investment program. He lost money during most months over the next two years.

However, instead of informing his investors of their losses, he created and sent out false monthly earnings reports and charts stating that each investor had earned monthly returns somewhere between 1 percent and 8 percent. He charged monthly service fees of about 30 percent of the false returns. The monthly losses continued through the collapse of his program in September 2009.

The program operated as a ponzi scheme. Those who requested to be cashed out of the program were paid with funds from new investors. Although the investment program closed in about June 2009 when two of the biggest investors cashed out, he continued to accept new investment funds, make sales presentations, and send out false earnings reports until September 2009.

When the program collapsed, Shanks owed about 36 investors approximately \$1,702,770.94 in principal that they paid into his program. Victims of the fraud, in filed statements, told the court they had given Shanks money from the equity in their homes, college funds, mission savings, retirement accounts and funds designated for the care of elderly individuals. Judge Waddoups ordered Shanks to pay back the \$1,702,770.94 in restitution to the victims.

###